

The Village Power Partnership: Powering People, Productivity and Poverty Reduction

Background

One of the critical unresolved problems in this era of rapid technology advancement, privatization, and globalization is how to provide modern energy services to the billions of people unserved. Traditional, centralized grid extension has failed to accomplish this, with millions more lacking power today than 25 years ago. The situation of Africa is particularly acute, with levels of electricity access averaging just 8%.

Emerging from efforts by governments and donors is an alternate solution that if implemented correctly, is technically sound, economically viable and financially feasible. This solution involves applying renewable energy, energy efficiency and other decentralized energy options to enhance health and education services, improve productivity and create jobs in rural communities. The progress of pilot efforts over the last decade demonstrates the feasibility of applying this solution on a global scale.

Lessons Learned to Date

Several conclusions can be drawn from work conducted to date.

- The decentralized approach, based on modularity of service and incremental investments, is a good fit with rural energy profiles and amenable to private sector participation, management or ownership.
- Renewable energy, energy efficiency and broader distributed projects can stand on their own; they may need government incentives, but do not have to be donor-driven.
- In considering the development and energy demands of rural communities, the process is not simply a checklist of technology options, but a highly complex set of interactive issues. These must address raised expectations and equity considerations, respect for property and resolution of the technical and institutional issues of linking resources to needs.
- The challenge is to support these markets in a way that ensures success and sustainability. This requires addressing a host of awareness, policy, regulatory, institutional and financing issues critical to energy delivery and scale-up.

Village Power Partnership Solution

Meeting this challenge is beyond the scope and capabilities of any one organization or entity. The Village Power Partnership provides a mechanism for linking energy services and rural development with the aim of poverty reduction. It will bring together key stakeholders to identify linkages between energy and rural development, develop models for implementation, and catalyze investments in energy-development projects and programs. The Village Power Partnership will benefit not only from the experiences of those in the energy sector, but very importantly, will draw upon the knowledge, expertise and best practices of those in associated sectors where energy can be a tool for achieving broader development objectives.

Expected Village Power Partnership Outcomes

Working across initiatives and with the benefit of increased coordination and cooperation, the Village Power Partnership anticipates the following outcomes by the Year 2010 contributing to the International Development Targets:

- 30 countries with national-scale renewable energy based rural development programs.
- 300 million people previously unserved have access to modern energy services.
- Over 50,000 new community systems installed (schools, hospitals, clinics).
- Documented improvements in productivity, income, environment and quality of life from rural energy services.

Call to Action

To move forward on the Partnership, we, the sponsors of Village Power, call on governments, multilateral development organizations, private firms and NGOs to collaborate on a 10-year initiative that seeks to enhance rural development through affordable energy services. The Partnership will seek commitments from stakeholders to join a global initiative in renewable energy-based off-grid electrification, support developing country governments in designing appropriate policies and programs, and facilitate access to financing. Annual project assessments will be conducted to measure performance on meeting projected outcomes. Finally, a global Village Power Conference will be held every two years to share lessons learned, with regional meetings to be held on off-years (Africa, Latin America/Caribbean, and Asia).

Roles and Responsibilities

Achieving these objectives will require the collective support of a variety of players:

- The World Bank Group and regional banks will highlight energy for poverty alleviation in their public infrastructure operations, and will foster public-private partnerships for sustainable rural energy development. Emphasis will be on promoting policy reforms, expanding private capital flows to renewable and distributed solutions, supporting “smart subsidy” schemes to expand access, and disseminating best practices.
- Host country governments commit to linking energy into cross-sector projects and programs in the areas of agriculture, health, water, communications, micro-enterprise development, etc., and to take steps to implement these activities with key financing agencies. Participating governments agree to open rural energy markets to private participation by removing entry barriers and promoting level competition with conventional energy sources.
- Bilateral donors will be instrumental in providing technical assistance and capacity building. They will support a move toward more competitive markets and away from over-subsidization of renewable energy goods in aid-financed projects.
- The private sector will take a leadership position in working with governments and local partners on the design, development and implementation of commercial renewable energy products, projects and services. The private sector will also need to invest aggressively in nascent markets, but mitigate the risks using their accumulated business savvy and experience. In so doing, they will build local entrepreneurial capacities and transfer beneficial technologies.
- NGOs will play a key role in technical assistance and training. They will help to bridge the gap between governments and the private sector on rural energy delivery, make critical linkages to cross-sector applications, and strengthen local organizations in rural energy project development and implementation.